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Message Text

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46
ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06

SIL-01 OMB-01 SAJ-01 NSC-07 SS-20 STR-08 CEA-02 L-03

H-03 PRS-01 PA-04 AGR-20 DRC-01 /172 W
---------- 095275
O R 201600Z JUN 74
FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 5486
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
US MISSION NATO 2312
DIA WASHDC

C O N F I D E N T I A L ROME 8552

DIA FOR AA-2 AND DI-5

E.O. 11652: GDS
TAGS: PINT, IT
SUBJECT: CENTER-LEFT ACCORD FORESTALLS GOVERNMENT CRISIS

REF: ROME 8413, 8499
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1. BEGIN SUMMARY: FOUR PARTY ACCORD WAS REACHED LAST NIGHT ON PACKAGE OF FISCAL AND CREDIT MEASURES, THEREBY AVOIDING THREATENED GOVERNMENT CRISIS. AGREEMENT BECAME POSSIBLE WHEN THE SOCIALISTS DID NOT INSIST ON EARLIER DEMANDS THAT THE GOVERNMENT AGREE TO INSTITUTIONALIZED CONSULTATION WITH THE COMMUNIST PARTY. HOWEVER, THERE ARE SOME INDICATIONS THAT AD HOC GOVERNMENTAL CONSULTATIONS WITH THE PCI ON CERTAIN SELECTED POLITICAL AND ECONOMIC PROBLEMS MAY BE CONSIDERED IN THE FUTURE. SOCIALIST ACCEPTANCE NOW OF AN ECONOMIC PACKAGE CONTAINING SAME ESSENTIAL ELEMENTS OF COLOMBO-CARLI POSITION REJECTED TEN DAYS EARLIER WAS FACILITATED BY CONSTRUCTIVE UNION ATTITUDE AND POLITICAL SWEETENER OF STRONG ANTI-FASCIST LANGUAGE IN FOUR-PARTY COMMUNIQUE. TENSIONS WITHIN THE CENTER-LEFT REMAIN, HOWEVER, AND MOST OBSERVERS ARE NOT OPTIMISTIC ABOUT LONG TERM DURABILITY OF RUMOR GOVERNMENT. END SUMMARY.

2. TWO DAYS OF INTENSIVE CONSULTATIONS OF TOP LEADERS OF FOUR CENTER-LEFT PARTIES ENDED EVENING JUNE 19 WITH ACCORD ON EXTENSIVE PACKAGE OF FISCAL AND CREDIT MEASURES (SEPTEL). AGREEMENT ENDS MOST UNUSUAL "CRISIS" OF POSTWAR PERIOD IN WHICH RESIGNATION OF PRIME MINISTER RUMOR'S GOVERNMENT WAS REJECTED BY PRESIDENT LEONE WITH INSTRUCTIONS TO RETURN TO CONFERENCE TABLE AND WORK OUT DIFFERENCES.

3. DESPITE INDICATIONS THAT PARTIES WERE DISPOSED TO WORK OUT AGREE-MENT ON ECONOMIC DIFFERENCES, DOUBTS AS TO OUTCOME WERE CREATED AT SUMMIT SESSION THE EVENING OF JUNE 18 WHEN PSI SECRETARY DE MARTINO CALLED FOR ESTABLISHMENT OF "SYSTEMATIC CONSULTATIONS" WITH THE PCI ON MAJOR POLITICAL AND ECONOMIC PROBLEMS. THIS DEMAND WAS UNACCEPT-ABLE TO THE OTHER PARTIES OF THE CENTER-LEFT MAJORITY AND THE PSI SECRETARIAT MET THE MORNING OF JUNE 19 TO DECIDE HOW FAR TO PRESS THEIR CALL FOR A NEW RELATIONSHIP WITH THE COMMUNISTS. THE EMBASSY WAS TOLD BY DC AND PSDI SOURCES (ROME 8499) THAT PSI INSISTENCE ON THEIR NEW DEMAND WOULD INEVITABLY PROVOKE A CRISIS. AT THE OPENING OF THE JUNE B/9 EVENING SUMMIT SESSION, PSDI SECRETARY ORLANDI CONFIRMED THIS STAND BY DECLARING THAT PSDI WOULD NOT ACCEPT "A PERVERSION OF THE POLITICAL FRAMEWORK IN WHICH CENTER-LEFT COLLABORATION HAD BEEN RE-ESTABLISHED" AND THAT ANY DEVIATION IN THE POINT OF REFERENCE OF THE GOVERNMENT WOULD "DEPRIVE IT OF LEGITIMACY", FORCING THE "PSDI TO DRAW THE CONSEQUENCES". APPARENTLY THE SOCIALISTS CHOSE NOT TO STICK ON THE ISSUE, AS THE FINAL FOUR-PARTY COMMUNIQUE "REAFFIRMS THE VALIDITY OF THE CONFIDENTIAL

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POLITICAL PLATFORM DELINEATED IN THE STATEMENTS TO PARLIAMENT BY THE PRIME MINISTER" (AT GOVERNMENT'S INCEPTION IN MARCH) WITH PARTICULAR REGARD TO THE "SPECIFIC POLITICAL CONFIGURATION OF THE MAJORITY". HOWEVER, THE COMMUNIQUE WENT ON TO EMPHASIZE THE GOVERNMENT'S CONTINUED "BROAD DISPOSITION TO MEET WITH POLITICAL, SOCIAL, UNION AND MANAGEMENT FORCES', AND AN AUTHORITIATIVE PRI SOURCE HAS INFORMED US THAT HE BELIEVES THE PSI HAS RECEIVED ASSURANCES THAT THE COMMUNISTS WILL BE CONSULTED BY THE GOVERNMENT

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ON AN AD HOC BASIS ON CERTAIN MAJOR POLITICAL AND ECONOMIC PROBLEMS.

4. COMMENT: POLEMICAL PSI DEMANDS FOR GREATER COMMUNIST PARTICIPATION AT THIS TIME IN THE GOVERNING PROCESS WERE INTENDED TO PROVIDE A FACE-SAVING COVER FOR THEIR ACCEPTANCE OF AN ACCORD WHICH IN FACT CONTAINS THE SAME ESSENTIAL ELEMENTS OF COLOMBO-CARLI POSITION THEY HAD REJECTED TEN DAYS AGO. IN THE EVENT, THEY WERE ABLE TO SETTLE FOR THE INCLUSION IN THE FOUR-PARTY COMMUNIQUE OF A CALL FOR AN ALL-OUT GOVERNMENT EFFORT TO COUNTER POLITICAL VIOLENCE AND "PARTICULARLY FASCIST SUBVERSION". PSI AGREEMENT WAS ALSO FACILITATED BY INCREASING UNION CONCERN OVER THE INEVITABLE EFFECTS OF A CONTINUED GOVERNMENT CRISIS, AND BY THE DRAMA OF THE CRISIS ITSELF. THESE LAST TEN DAYS OF SUSPENSE CAN BE DEPICTED BY THE SOCIALIST LEADERSHIP AS A MEASURE OF THE DEPTH OF THEIR CONCERN THAT AUSTERITY MEASURES FALL FAIRLY ON ALL SHOULDERS RATHER THAN ONLY THOSE OF WORKING CLASS. HOWEVER, THESE TEN DAYS WERE NOT WITHOUT COST. LATENT TENSIONS AND RESENTMENTS WITHIN THE COALITION AS WELL AS BASIC PHILOSOPHIC CONFLICTS BETWEEN PSI AND OTHER MEMBERS OF MAJORITY REMAIN, AND THE LIMITED RESERVOIR OF GOOD WILL WITHIN GOVERNMENT HAS OBVIOUSLY BEEN ERODED BY THE UNAVOIDABLE FRICTIONS OF THE DRAWN OUT AND DRAMATIC NEGOTIATING PROCESS. ADDITIONALLY THE PSI'S IMPRESSIVE SHOWING IN THE SARDINIAN REGIONAL ELECTIONS (ROME 8413), COMBINED WITH THEIR EXUBERANCE OVER THE MAY 12 REFERENDUM RESULTS, HAS PRODUCED AN INCREASE IN PSI SELF-CONFIDENCE VIS-A-VIS THEIR CHRISTIAN DEMOCRAT ALLIES WHICH IS LIKELY TO BE WITH US FOR A WHILE. RUMOR'S PATCH UP OF CENTER-LEFT DIFFICULTIES IS LIKELY TO CARRY HIS GOVERNMENT THROUGH THE SUMMER, BUT MOST OBSERVERS ARE NOT OPTIMISTIC REGARDING ITS LONGER TERM DURABILITY.VOLPE

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